

Economic Intelligence

Economic intelligence on the Sino-Soviet Bloc has improved as a result of exploitation of the greater volume of economic data published by a number of Bloc countries during the year. This has permitted the filling of important gaps in intelligence, and has provided a firmer basis for estimates of future economic activity. One result has been a downward revision in estimates of the Soviet population and labor force available to carry out ambitious economic expansion plans.

Serious deficiencies still remain, however, in the availability of information on some Bloc economic activities, particularly those related to military production and programs. This latter deficiency has led to the development of indirect research techniques for estimating the extent, cost, and economic burden of Bloc military programs. The margin for error in the economic estimates so obtained is substantial, but they provide an independent check on military estimates derived by conventional means, and have in some respects resulted in improving the state of our knowledge. These economic estimates were helpful in arriving at estimates of the size and composition of the guided missile, air defense and heavy bomber weapons systems. Similar techniques are being applied to the economic analysis of the Soviet nuclear energy program.

An increasing volume of reports has been published on current economic developments in the Bloc, including special evaluations of developments in Poland and Hungary, and appraisals of the reorganization of the Soviet economy and its effect on economic capabilities. Economic intelligence has also provided support to the London disarmament negotiations, the Paris negotiations relating to controls on trade with Communist China, the Washington talks on US-Polish trade and assistance, and consideration of US-Bloc exchange visits.

Reappraisals are being made of Bloc capabilities for achieving the heavy industry goals of current five-year plans, which now appear somewhat less probable of achievement than seemed to be the case a year ago.

Interagency coordination of economic research through the Economic Intelligence Committee of the IAC has continued. Coordinated reports have been issued on Communist China's trade and transport, Sino-Soviet Bloc economic activities in underdeveloped areas, and other subjects. The current status of economic intelligence has been reviewed as a guide for programming by the individual agencies. The EIC prepared a revised statement of "Priority National Economic Intelligence Objectives" for guidance in economic intelligence collection and production. CIA has arranged to provide annual production data for certain Soviet industries in support of Air Force targeting studies, thereby obtaining more efficient utilization of community resources in this field of research.

Important shifts in emphasis have occurred with respect to economic intelligence on Free World areas. The prolonged crisis in the Middle East, for example, resulted in heavy demands on intelligence agencies for research on the economic affairs of that area. As a result of the closing of Suez and the threat to pipelines, research was directed to world-wide petroleum problems. Special attention has been given to the economic problems of countries susceptible to Sino-Soviet Bloc economic penetration, and to the inter-relationships between economic development and political factors in these countries.

The economic problems of US allies, including the relationships of current economic affairs to future military capabilities, and problems relating to trade controls have been under review. Some research has been conducted on problems relating to the non-weapons application of atomic energy, in support of the coming formation of regional and international agencies to foster atomic development.

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Contributions for Possible Inclusion (Based on Geographic Intelligence Activities)

A new coordinated program has been initiated in support of unconventional warfare planning. Geographic intelligence is contributing to this program by the selection and analysis of areas within the Sino-Soviet Bloc that fulfill multi-purpose unconventional warfare requirements. These selections are being utilized by each agency in accordance with its individual requirements.

As a consequence of Soviet activities in Antarctica, conducted in association with the IGY Program, attention has been directed to the appraisal of Soviet intentions in the area and to the political and technical advantages that might be gained by the USSR from its Antarctic operations, particularly with respect to its possible territorial aspirations and bipolar geodetic research as an aid to its long-range guided missile program.